

# This is Digital Podcast

## Episode 1 Transcript

Mark (00:01):

This up here. Okay. How's that look?

Rissa (00:07):

Fantastic. Okay. Sounds great. Looks great. I think we're ready. Are you ready? I'm going to go ahead and get started, Mark, if that sounds good.

Mark (00:18):

I'm ready, Rissa.

Rissa (00:18):

You are. You are

Mark (00:20):

<Laugh>.

Rissa (00:21):

Welcome to This Is Digital, a podcast about leading with digital to win in the marketplace. I'm your host, Rissa Redden, partner and chief marketing officer at West Monroe. West Monroe is a digital services firm. We are thinkers and makers who bring hands-on experience and technical know-how to get things done and to deliver lasting value. On This is Digital, we'll be talking to experts about how to go about not just doing digital, but being digital. We'll be sharing stories of digital successes and digital failures. This podcast is for business leaders like you who don't want to miss out on the opportunities digital holds. I am thrilled to be joined today by Mark King, Chief Executive Officer at Taco Bell. Mark, thanks so much for being here today.

Mark (01:05):

Well, thank you Rissa. I'm really excited to be with you and to be talking about all these interesting topics we have.

Rissa (01:12):

I'm super excited as well. Thank you so much for joining episode one of This is Digital. You're a trailblazer here on episode one, just as you have been throughout your career. You joined us for

West Monroe All-Company meeting earlier this year and delighted us with your stories. I wonder if you might start with your leadership story that led you to becoming CEO of Taco Bell.

Mark (01:31):

Well, it's kind of a bizarre story, Rissa. Spent 34 years at the Tailormade Golf Company, the last 14 as the CEO. Our parent company at that time was Adidas. And so I left the, the golf business to run the Adidas business in North America for five years. And then I stepped down and I was going to speak like I did at your all company meeting. And I got this call out of nowhere that said, you know, they asked if I would be interested in being the CEO of Taco Bell. And I initially, I was not, I didn't know anything about food, restaurants or franchisees, but after I met with the people, it's an amazing brand. A lot of runway, lot of opportunity. So, I thought I could take what I learned around leadership in my prior two jobs and see if I could do some good work here at Taco Bell. So I've been here now a little over three years.

Rissa (02:23):

Fantastic. And how did you prepare for taking on the CEO role? What, what do golf and tacos have in common as you've probably learned over time during your tenure at Taco Bell?

Mark (02:34):

Yeah, you know, it's amazing. Risa people ask me that all the time, and it's not as different as you might think. You create products, you create a need in the marketplace with your customers. You launch products, you create a bunch of energy, and hopefully people come in and buy your products and you do it over again. So there, there's a lot. The mechanics of it are pretty much the same now. The product itself, golf clubs, footwear, apparel and food are really, really different. So really the, the learning was more around the product and food than it was around running the business.

Rissa (03:09):

Gotcha. You've been quoted talking about how Taco Bell will continue to be bold. How do you empower bold in your organization?

Mark (03:19):

Yeah, that's a great question, Marissa. I just have this basic belief that the world really rewards big and bold. There used to be a time 20 years ago when incremental business improvement was really what we were all after. But the world moves so fast now, and it's all about disruption and finding big, bold things to disrupt the marketplace that I think you'll kind of have to run parallel. You have to be trying to get incrementally better every year, but you've got to be looking for something that's new and different. And so we're always looking, whether it's product, marketing, operations, supply chain, how can we disrupt what we do to be better, faster and less expensive?

Rissa (04:03):

And as we think about experience and expectations, Taco Bell certainly has a reputation for innovation that you were just touching on for that restless creativity and constantly coming up with new menu items and creating optimal experiences for consumers. How do you know when you've got something that you need to explore or launch? How do you vet new ideas and land on that bold new idea for the business?

Mark (04:27):

Yeah, that's a really great question. I don't think there's one way Rissa, I think our chief marketing officer, he likes saying this. Sometimes there's a good idea and sometimes you have to make an idea good. And I think we kind of do a combination of both of them. And when we have enough people who have been around a while, when they see a product, they just have an instinct that it will be a home run or really successful in the marketplace. But none of these products get launched until we do testing, field testing in restaurants with consumers, different price points, different way to bring it to the market. So, it starts with a belief that a product can do something special. Then it's tested, and then we decide that that's what we want to launch. And then there's a lot that goes into that. And you being a chief marketing officer, you know that marketing can make an average product great, and it can also make a great product average. So it's really this whole combination of great, or a product with belief that it's going to be good and then the right messaging and content and, and kind of excitement generation around it.

Rissa (05:45):

Absolutely. And I think there's launch of a product and then you've also gotten into experiences with the cant. How is that the same or different than launching a new product launch an experience? Or is it this, is it one in the same?

Mark (05:59):

No, I think it's, I think it's very different. I think a product really becomes more transactional. You launch it, people believe they have to go have it and try it because it's delicious or people are talking about it. But the cantina is something that we think we, we talk about brand over time, and that's where you really make this emotional connection with consumers. And the Cantina, we've got about 50 of them and, and most of them are very different than one another. They're localized. Like we have one in Las Vegas where we, we wed people get married there. There's weddings and it's a really unique experience. Then there's one up in Danville, North California that's about a neighborhood bar, kind of like the friends where you go and have your drink and, and your food. So, I think we've been able to create different experiences, which helps create this excitement around the brand, which is much different than a Mexican pizza that launches. There's this hysteria that you have to have a Mexican pizza, you run out and buy one. So I do think they go together, but I think there's a big difference there.

Rissa (07:11):

Well, you mentioned the Mexican pizza, so let's go there next, Mark. Based on the true story of the internet losing its mind, Mexican pizza, the musical, it's fascinating. It created a sensation. And I guess I'll start with the question. You were just talking about launching new products. Taking a product off the menu is also a part of that product life cycle. Tell us a little bit. So Mexican pizza, as we know, was removed and then it was brought back. There were petitions, there was a sensation around this. What did you learn from Mexican Pizza, or what did Mexican Pizza teach you about the world?

Mark (07:50):

Yeah. I think the first thing it taught us is that products can have a rebirth. Mexican pizza had been on the menu for 40 years, 40 years. And prior to us taking it off, we sold 20, 25 pizzas per restaurant, which is not a big item for us. We sell eight 900 quesadillas a day. We sell a thousand tacos a day. We sell a thousand burritos a day. So when you're only selling 20 of something, it's like, okay, well, we were trying to simplify the menu during Covid to make the restaurant easier to operate. So we took some items off. But the one thing we do know about Taco Bell specifically is all of these items have a cult following. And this cult following around Mexican pizza had a louder voice than any other cult following. And they, there was just this hysteria about taking Mexican pizza off.

Mark (08:44):

Well, then Doja Cat authentically was upset and was on social media platforms complaining about Taco Bell taking her Mexican pizza away. And so we partnered with Doja Cat in a very fun, cool way. Created all this hysteria about the return of the Mexican pizza. And we relaunched it early in the summer, and we literally sold out in two weeks. I mean, we were anticipating selling maybe 50 or 60 pizzas a day. We were selling 300 pizzas a day. And so it was this so what we learned is that you can take a product, take it away, create some energy around it, relaunch it, and do some amazing things.

Rissa (09:28):

Well, and it was amazing to me that with Doja Cat, using the Taco Bell bong sound in the, I mean, it's, it was really just a perfect storm of branding beauty really when you think about it. And with Doja Cat, I mean, what Running Playlist isn't complete without Boss.? I have to have that on my running playlist. So Mexican pizza, so the rebirth I think is fascinating. I also think it's interesting that you had Doja Cat, you had Dolly Parton. I mean, you had no shortage of people that were raising their hands in defense of the Mexican pizza. The whole thing was fascinating. And a question related to that is, do you feel like you lead customers or do customers lead you?

Mark (10:11):

I think both.

Mark (10:15):

Customers in general don't know what they don't know, right? So you can create something and, and Mexican pizza would not be an example of this. But the Grilled Cheese Burrito is a really good example of this, which is another really great success story for us. But you took a basic burrito. You, we figured out a way to put cheese on the outside with jalapeno peppers baked into the cheese on the outside. Consumers or customers didn't know that was coming. And so when we launched that with a bunch of energy around, it's like, Oh my gosh. Hey, this is something that I really want. So I think you can lead the customer. What we're doing now, however, just the flip side of that is we're going to bring back some iconic products that used to be around. And, but what we're going to do is we're going to put those out into the social media platforms and have customers vote on them. Do you want the bell be to come back? Do you want the Rito to come back? So we're going to let customers actually pick the next menu item. So I think it's a combination of satisfying what people want and surprising them with the delight that's unexpected.

Rissa (11:27):

You mentioned Mark, the cult following that Taco Bell has. Is there a downside to having a cult following?

Mark (11:35):

I think anything, Rissa, there's an upside and there's a downside. The cult following is that the cults are relatively small. And when you build a platform around a cult, if the cult doesn't grow, one of the things we talk about all the time is we have to grow our cult. Because let's take McDonald's. Our number one competitor. I don't think they have a cult following. They're just everywhere. They're every part of a family. They're part of breakfast and lunch and dessert and dinner. And so they're not really a cult. They're like part of how you live your life and we're a treat. So I think for us to grow, we have to figure out how to either grow the cult or become more basic in a customer's life. So yeah, I think there's a downside in that it's limited. It's not all consumers.

Rissa (12:25):

Since joining Taco Bell in 2019, you've been focused Mark on the digit, Lemme try that again. Since joining Taco Bell in 2019, you've been focused on the digital evolution of the business. How did you get started with digital, or how did you think about digital in a Taco Bell context?

Mark (12:41):

Yeah. When I got here, Rissa, we had no app. We didn't do any e-commerce. We were such a successful traditional QSR brand with 75% of our business through drive-through. And the people here, the marketing people, really believed that we were a spontaneous thought. You're driving down the road, you see a Taco Bell, Ooh, I'll go in and get something at Taco Bell. And

so that it was more reactionary than well thought out. Hmm. So my first thought when I got here, I remember we hired a new chief brand officer, and she said, What are the three things you want me to focus on? And I said, three things, Digital, digital, digital. And, it was, honestly, it was really easy for me as an outsider because it wasn't that the people here hadn't had the discussion, but it was like, we have this model that's working so well.

Mark (13:36):

<Affirmative>, and when you go to digital, what does that mean? Do we do a little bit? Do we go all in? Do we worry about disrupting our model that works so well? So I understand the people that were here, it was a hard decision to say, Let's go digital. But if you just read the T leaves, and you know this as a marketer, the world is going to handheld devices and laptops and connectivity and making it easier on the experience. And so we just said we, one of the things that I would be most proud of here was convincing the group, and it was only half the group that we had to go to be a digitally led brand. And we're not there yet, but we're certainly on that journey.

Rissa (14:16):

A couple questions for you. How do you make the case for change when you are already successful? I mean, how did you compel that or how did you paint the picture of what digital could look like for your people to help them see what the future looked like?

Mark (14:30):

I think it's just data because I think emotionally people are wed to what they've built, but when you look at where consumers, young, medium, and old, where they're going and how they're living their lives it's through this and it's through connecting to brands and everything that we do today starts with connecting to a brand on your handheld or your laptop. And so, yes, we were successful without it, but now that we're moving towards it, people are like, Oh my gosh. And the biggest difference for us right now is when you go on our app, which we didn't have an app until the fall of 2020, when you go on our app now and order ahead, the ticket is significantly bigger. The order is significantly bigger than if you just go through the drive through. So I think once we had data, evidence, proof that this is what we need to do, then it was easier for everybody to get on board.

Rissa (15:32):

A second question related to what we were just talking about around how do you decide the magnitude of a digital project? You, you mentioned, you know, do you go a little bit in, do you go all in? You know, what we have seen at West Monroe as if you don't do enough, you don't see the value, but if you do too much, sometimes these initiatives can sort of die under their own weight. How did you pick, the place where you the place in the middle?

Mark (15:59):

Yeah. I'm not sure we've done it correctly to be honest, Rissa, but the first thing that we needed to do was change our mindset. And the mindset was midterm, not short term, but midterm. If we didn't become a digitally led consumer brand, we would probably lose. And that took some time, but now we have enough data points that said that. I think everybody believes that. So that was the first thing is we had to believe that this was the future of Taco Bell. Then secondly, we have to, and this is really the art. How do you pace and sequence the transition from one model to another? Mm-Hmm. <affirmative>. And we're in the middle of that right now. So when, when I got here, 0% of our business was through a digital device, 0%. Today we're a 25%. And we really started that in the fall of 2020.

Mark (16:52):

So literally in 24 months, we've gone from 0% of our business to 25 to be digital. And all the indicators when we go more digital is it's more profitable. The check is bigger, the consumer likes it more, it's easier. So now we have a, we have a goal that we want to have 50% of our business be digital. Okay. And just last week somebody said, I think we're wrong. I think we have to be a hundred percent digital. Hmm. So that was, and that's not me pushing it. That's people just saying, Oh my gosh, 50%, what's 50%? That means the other 50 percent's not really. So we either got to go or not go. So the goal now, the stated goal or ambition, let's say ambition sure is that a hundred percent of our business is digital. And it doesn't mean we don't use our asset, it's just we use the store in a different way. So it's an exciting time, but I would say we had to get started. But then I think that the marketers and the employee base are leading us there, rather than forcing them to go there.

Rissa (18:02):

At West Monroe, we talk with our clients about how digital is more than technology. It's about people. It's about org design, it's about habit, it's about processes, it's about a digital mindset. How do you think about what it means to be digital?

Mark (18:16):

So it's funny that you're talking to me about being digital cuz I'm 63 years old and I'm probably the least technological person in corporate business today. But what I do understand is that the world revolves around this digital connection. And that's really, to me, what needs to drive at first is how you think about it. And to your point, how are we going to, and, and we've had conversations with some people on your team. How do we organize our company around it? Because now we just relaunch the Mexican pizza because we ran out and we just relaunched it two weeks ago with no TV advertising. This is unheard of in, in the history of Taco Bell. And we're, we're the, the pizza is, is a huge success again on the relaunch. And it's all through digital connection with our consumers social media platforms. You, you saw the musical.

Mark (19:11):

So I think it's going to be easier to me, it's like a snowball. I'm from Wisconsin, right? So it's like a snowball running downhill, and the, the further it goes down, the bigger it gets and the faster it goes. And, and that's really what's happening. But to your point, it's not just the technology or that you have it, it's everything you do starts with that, that, that lens of how are we going to use our digital assets to create success in how we do things? And, and we're getting there. The mindset is definitely getting there.

Rissa (19:45):

That's fantastic. And what are some technologies that you've implemented to deliver? I mean, it sounds like the app has been enormously successful. Are there some other technologies that have been critical to your success?

Mark (19:57):

Well, I mean we definitely, the loyalty app was launched in the fall of 2020. Today we have, I don't know, 17 or 18 million people on the app. And we use this company punch. We worked with them. We're definitely building out a bigger eCommerce platform. We use HRIS from SAP today. But we're building with Yum a platform that would go across all of our brands. We use Amazon. So, I don't know that we have any specific like cool technologies that we've used, because for us it was being more basic to get started. But right now it's all about collecting data because the more data we have on our customers, the way we, the more we understand their behaviors, price points, products, engaging them in the experience, the better success we're having.

Rissa (20:54):

I think you're exactly right that data and digital go hand in hand. And I'm curious how you think about data fluency. That there is a, a people need around embracing data, working with data, decisions based on the data. How, how do you think about that as far as a skill set, whether that's data fluency or even digital acumen?

Mark (21:17):

Here's what I would say for Taco Bell and most companies, most decent size companies, we have all kinds of data. We just don't know how to use it. We don't really, I mean, and, and I'm overstating that because we use data for a lot of things, but I think we could be much more data driven and we're now really focused on gathering more data. The real the real issue is though, how do you use it to make better decisions? And that becomes, it's really no different than the conversation we just had about digital. You have to believe that the data will lead you to a better decision than a 20 year veteran saying, Hey, I'm just telling you my instinct says we should do this. Well, we have all the data in the world that says that we shouldn't do that. So it it's this balance, I think between instinct and data, but the data doesn't lie. And I think that's another mindset shift that organizations have to go through, especially ones that have been hugely successful. Like Taco Bell. I mean, it, it was waste. It was successful way before I got here, right?



It, what we're trying to do is modernize the way we think, the way we behave, the way we use technologies, and really the way we provide products and experiences for our customers.

Rissa (22:32):

Fantastic. At, at West Monroe, Mark, we recently re let me try that again. Mark, at West Monroe, we recently released a new digital research study where we found that more than half of organizations say they're very effectively aligned on digital vision. How hard is that to do from your perspective?

Mark (22:52):

Almost? I would say it's very difficult. Let me just say that because I just think people are so used to the way they've always thought the way they've always behaved. And if they've delivered good results, they're really reluctant to change. And it's not because, and it may not even be because they don't believe it's better, but it's going to be painful in doing this. And then do I, as the employee, do they not need me anymore? I mean, am I going to be replaced by a bunch of data sets and a bunch of data points? So I, I think a lot of that exists. But it's coming and I think organizations are getting there. It's just slower than it should be. But I think if you're going to survive, you're going to have to get there. That's the way I look at it.

Rissa (23:41):

And from this study, I'd like to share the top five areas for digital investment according to C-Suite survey respondents. And I'm curious to see how closely this aligns with your priorities so that the top priorities that were identified for digital investment were one, privacy and security, two, customer experience enhancement, three, customer data and insights, four, new product development and five, process improvement. How does that align with your priorities for digital investment?

Mark (24:08):

Well, I, the first three that you mentioned, security is such a big one. That to me is the one we talk about all the time here. Not so much process improvement or product, but really around the customer experience. I, I think that's where some of our competitors are way out ahead of us and we've got to catch up. Just the, I mean, just the basic use of the app and ease of order is, is really something that when you're not born from a digital DNA, it's hard to get there, which you wouldn't think it would be, but it is. So I think those first three are the ones that, that I would put right at the very top.

Rissa (24:51):

Perfect. Mark, what's the next chapter of Taco Bell's digital evolution?

Mark (24:57):

Well we have about 7,000 restaurants in the United States. We are in conversation right now to, well, we're, we're putting digital menu boards in all 7,000 restaurants. So by the end of next year, the all of our restaurants will have a digital menu board. That's pretty fundamental, but there's a lot of things that opens up that opens up codes to come up and show your code and get your order. It does a whole bunch of things and to be fluid with the menu board. But I mean, a lot of our competitors have that. We believe that inside the restaurant we probably can go all kiosk. And this is not to eliminate people because we are going to redeploy the people that would be at the cash register to help people use the kiosk. So it's not about saving money, but the experience for the consumer is better at the kiosk than he is at the front desk. And then the biggest thing is we have to be able to drive transactions through our handheld so that we're in their palm all the time. We're talking to him, we're giving them little beeps, we're reminding them middle of the day specials. So almost every product that we launch now, we launch first through the app. And I, and I know most com most brands do that, but that's something for us that we haven't done. So first I think it's catching up and then it's really about ease of transaction with the consumer.

Rissa (26:27):

Great. Mark, final question on your podcast recipe for restless creativity, you ask this of every guest, so I have to ask you, what is your go-to Taco Bell item?

Mark (26:39):

Well, ssa, when I started my first day, they asked me that question and it was bean burrito with green sauce, and everyone started to laugh. And I said, Why are you laughing? And they said, Because we've just eliminated green sauce from the menu

Rissa (26:55):

<Laugh>. So you've been Mexican pizza?

Mark (26:58):

Well, we now have green. Yeah. So we now have green sauce back on the menu. But I'm gonna tell you, we have so many amazing me items. I'm not just saying that, but I love the soft tacos. I love the Mexican pizza. But I still think at the end of the day, it's my bean burrito with green sauce.

Rissa (27:16):

Fantastic. I would say mine is nacho cheese Doritos logos, tacos. Last night I enjoyed that along with the Mexican pizza, and I went to the Taco Bell on 38th Avenue here in Denver, Colorado. And the team was a little concerned that I had not ordered sauces. And so they, they paid special attention to me to get some fire sauce added. And it was a delightful experience.

Mark (27:38):

I love it. Thank you for the support and the business, and

Rissa (27:42):

Thank you Mark King for a great conversation today.

Mark (27:45):

Thank you Rissa.